

One day these oil and gas wells are going to dry up. I spent my time and energy trying to take some of these tax dollars that are already being paid to invest in something that will last for generations to come, something the American people want to pay for, something the American people believe in; that is, creating open spaces for parks and recreation.

I will submit this polling information for the RECORD. I rise to speak for a few minutes about the importance of fiscal responsibility, about a tax cut that could be meaningful, if it is done correctly, and about the potential of using some of these dollars—not raise dollars but redirect some of our dollars into a program that is so important to the American people—full funding for land and water conservation, funding for needs of coastal cities and coastal communities, and also wildlife conservation programs throughout the Nation.

I thank the Chair and yield back the remainder of my time.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. TORRICELLI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. TORRICELLI. Mr. President, I ask unanimous consent to address the Senate as in morning business for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TORRICELLI. I thank the Chair.

ALLOCATION OF RESOURCES

Mr. TORRICELLI. Mr. President, by any measure, this is an extraordinary time in the life of our country. It appears that as the American century comes to a conclusion, the chances are good that what the world is going to witness is simply another American century, where our dominance may be exercised by different technologies, our power may be measured by different means, but our dominance is just as certain.

The quality of life in America is rising to new heights. Our economic strength could be measured by many means, but it is considerable. Home ownership is now at the highest rate in the Nation's history. In 6 years the United States has created 18 million new jobs, more than all of Western Europe and Japan combined. Unemployment is near record lows in the postwar period—genuinely an extraordinary time. Nothing surprises Americans more than that we are witnessing not simply the growth of an economy, employment and economic opportunities, but the Federal Government itself is participating in this extraordinary transformation.

The United States is about to accumulate in our Government budget not only the largest surplus in American

history but the largest surplus in the history of any nation in any government budget. Indeed, it is now projected to be \$1 trillion larger than was anticipated only several years ago. By the year 2009, the total accumulated surplus of the U.S. Government could be an astonishing \$2.9 trillion.

The fundamental question now before this Government as we begin to plan for the next decade, the beginning of a new century, is how to allocate these resources.

The U.S. Government is in a new experience. For more than 50 years we have been in the business of allocating pain. The dominating issues before the U.S. Government were winning the cold war and overcoming the budget deficit. All decisions were seen through these twin prisms. Many of our hopes and ambitions for our country and our people needed to be postponed.

In 1993, the Deficit Reduction Act was a defining moment in that struggle. This Congress, with the Clinton administration's leadership, was facing deficits as high as \$300 or \$400 billion per year. It was artificially raising interest rates, causing problems with private investment, and difficulties in economic growth.

The extraordinary vote of that year, passing each institution of the Congress by a single vote, did as much to change American economic history as any single act of the 20th century.

(Mr. CRAPO assumed the chair.)

Mr. TORRICELLI. For all of us who participated in the 1993 Deficit Reduction Act, it is probably the singular achievement and the greatest source of pride in our careers. For the American people, it is more than a source of pride; it is a source of new freedom. These surpluses allow us to dream again about rebuilding schools, providing child care, improving the quality of instruction, repairing American infrastructure, funding higher education. Things that were postponed by all these years of debt, struggle, and sacrifice have been made possible again.

But it is important to remember in this transformation, in these last 6 years, there are other heroes, too, more important than the Members of Congress who cast these votes—the people who gave up more and did more to create this new American prosperity. They are simple American families who did without Government programs, Government employees who saw Federal employment decline, people who suffered at declines in Government spending in all measures, and American taxpayers who paid more in Federal taxes to reduce the debt.

It is important to remember because, as we think about the opportunities for education and health care and other Government programs this Federal surplus provides, so, too, is the American taxpayer to be remembered. I do not

quarrel with the administration—indeed, I support their notion—that the first obligation in committing these new surplus funds is to protect Medicare and Social Security. It is our first obligation. It is not our only obligation.

Of the approximately \$3 trillion of Federal surpluses to be allocated in the next 10 years, \$2 billion of it will be required to ensure that Social Security and Medicare are protected. But certainly, with the remaining \$1 trillion in accumulated surpluses over the next decade, there is the ability in this Congress to provide some tax relief for working American families. The tax burden of the United States is now the highest since the Second World War.

Middle-class families, who were once in low-income brackets, through prosperity and inflation, have seen themselves, while still facing the enormous costs of education and housing and the requirements of an ordinary American life, facing tax brackets of 28 and 33 percent. Today, a family of four, living on a combined income of \$72,000, which can be the simple income of a schoolteacher or a police officer or a public servant, is taxed at 28 percent, instead of the 15 percent which should, and once did, represent the Federal tax rate of middle-class Americans.

It is wrong—it is even unconscionable—to ask a young mother and father trying to raise children, with the high cost of living in the United States, to postpone educational decisions or housing decisions, the requirements of building a family, to pay a 28-percent tax on a combined family income of \$50,000, \$60,000 or \$70,000. It is not right. But mostly, with a Federal surplus of \$1 trillion in the next decade, after protecting Social Security and Medicare, it is not necessary.

I believe the first obligation of a Federal tax relief is to expand the 15-percent bracket to genuinely include Americans who are in the middle class, to place them in the tax bracket where they belong. The Roth plan participates in this strategy by expanding the bracket and by lowering the 15-percent bracket to 14 percent. It is a good beginning, but it is not a complete plan.

The other twin tax crisis in America is not high rates but disincentives for savings which are causing a crisis in savings in America. The national savings rate in the United States is now the lowest since the Second World War. In May, our national savings rate was a minus 1.2 percent—a negative rate of savings not seen since the Great Depression. It has no corollary in the Western World, and it is a long-term, economic, Governmental and social problem.

Sixty percent of all Americans who retire rely solely on Social Security. More than 50 percent of Americans effectively have no net worth of any appreciable value, other than their home.

It is a rational economic response to a tax system that provides discouragement for savings and encouragement for consumption.

I believe this tax reduction legislation about to be considered by the Congress can provide a new beginning, first, by expanding the traditional IRA from \$2,000 to \$3,000. It is notable that when the IRAs were first instituted at \$2,000, had they merely kept pace with inflation all these years, it would now allow for a \$5,000 deduction rather than the continuing \$2,000 level.

Second, people who accumulate \$10,000 in a savings account in America to provide themselves some security from the crisis of life, or for their retirements or to prepare for their children's futures, should not be taxed. The Federal Government has no business—indeed, it should have a disincentive—to ever tax an American family who wants to save a modest \$5,000 or \$10,000. We have an interest in them doing so and should not be providing a disincentive by taxing them on the modest interest they would accumulate. This simple provision of \$10,000 in tax-free savings, exempting the first \$500 in dividends and interest, would make the savings of 30 million Americans tax-free.

Third, every American should be encouraged to participate in the new prosperity, burgeoning industries, new technologies, and growing market. The Federal Government should not be taxing the modest capital gains of people who earn \$1,000, \$2,000, or a few thousand dollars in the stock market, or from the sale of real estate. We should be encouraging every American to participate by investing, to gather some wealth for their own security, so that in retirement they don't rely solely on the Government, or continue to live paycheck-to-paycheck. Even if this accumulates only modest amounts of money in savings or investment, it is a beginning for a new economic freedom for American families.

Many of these ideas were included in the tax reduction legislation I offered with Senator COVERDELL. I am enormously proud that in Senator ROTH's proposal, and indeed now in a bipartisan tax bill being discussed by Senator BREAUX and Senator KERREY of Nebraska, many of these same elements are included. I am glad Senator COVERDELL and I have made that contribution.

But now the question becomes not simply which elements of Federal taxes are to be reduced but by how much. Therein lies the argument. I believe, as many of my colleagues on both sides of the aisle have come to believe, that this Congress can responsibly afford, while protecting Social Security and Medicare, to enact a \$500 billion tax reduction program over the course of the next decade. That would allow an additional \$500 billion for discretionary

spending, a prescription drug benefit, or other national needs beyond protecting Social Security and Medicare. It is modest. But it would have an appreciable impact on the quality of life of American families, and genuinely give tax relief to middle-income Americans.

Finally, every Senator must come to the judgment about not only the size of this tax relief program, which I believe should be \$500 billion but, indeed, where it should be targeted. It is middle-income families who have seen the rates of their taxes rise through the years as they were pushed into higher brackets by the cost of living and our national prosperity. They should be our first priority.

Our principal national economic problem, even in extraordinarily good times, is the collapse of national savings. Reduction in taxes on savings should be a high priority.

But I believe, as many Democrats and Republicans have come to conclude, that most of this tax reduction program should be for people who are paying most of the taxes in America.

In the 1993 bill, this Congress can be very proud that with the earned-income tax credit we reduced the burden and, indeed, gave assistance to lower income Americans. They deserved and needed the help. This tax program should be for people who are paying taxes, bearing the burden, and need the help.

This is an important moment for this Congress. This vote on a tax reduction program will say a lot about our priorities. We will chart a course for another decade.

I believe we can reach across this aisle and find a reasonable compromise that gives genuine tax relief.

I want the people of the State of New Jersey to know that I have committed myself to be part of that effort.

I yield the floor.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, is the Senator from West Virginia allowed to yield himself a certain amount of time?

The PRESIDING OFFICER. The Senator may seek by unanimous consent for as long as he wishes.

Mr. ROCKEFELLER. I thank the Presiding Officer.

Mr. President, I ask unanimous consent to proceed for less than 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROCKEFELLER. I appreciate the courtesy of the Presiding Officer.

PROJECTED SURPLUS

Mr. ROCKEFELLER. Mr. President, I am very anxious to talk to my colleagues. I want to do it as much as I can in these days to come.

As the previous speaker said, with whom I do not agree on policy, this is a momentous, once-in-a-lifetime opportunity.

I have been here for 15 years. I was for 8 years before Governor of West Virginia where we faced things such as 21-percent unemployment, and things which are almost Third World in their statistical significance compared to what most of my colleagues had to deal with.

Being able to look at a tax surplus or a projected surplus of a lot of money over the next number of years is a wonderful opportunity for the people of my State and for the people of my country.

I have to say, though, the approach of the Finance Committee, on which I serve, voting a \$792 billion tax cut is antithetical, to my thoughts, as to what is good for the country and good for the economy.

I will start off by simply saying the obvious; that is, as one of the senior Members of the majority side of the Finance Committee said, 5 percent of Americans pay 95 percent of personal income taxes, and therefore the money ought to go back to them. That is an odd way of thinking. That is certainly one way of thinking. It is obviously that Senator's way of thinking. It doesn't square with sort of the sense of fairness, equity, and distribution of equal opportunity in an economic sense as in other senses that I was brought up to believe in.

We have projected—and I underscore the word “projected”—a surplus of \$1 trillion over the next 10 years. The central question is: How do we most responsibly spend this? I think it is a central question of historic importance.

For me there is really only one answer; that is, to pay down the national debt.

It is very hard for me to put into words the feeling of how far we have come since the mid-1980s when we used to have those talks with the Japanese, the structural impediment talks in which they would tell us what they thought we should do and we would tell them what we thought they should do and we never listened to each other. We, in fact, listened to them in 1993, and on our own, in a historic vote, made an enormous beginning, later fueled by the private sector, to balance the budget deficit. I didn't think that would happen when I was in the Senate. But we proceeded to take the action.

I myself was assigned the responsibility of cutting \$60 billion out of Medicare, which at that time was a great deal of money, and we proceeded to do that. But never in my wildest dreams did I ever even begin to think of the possibility that we might, in fact, be able to pay down the national debt—the national debt which under the Reagan-Bush administration rose to